



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

DARLENE GREEN
Comptroller

Internal Audit Section

DR. KENNETH M. STONE, CPA
Internal Audit Executive

1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

December 6, 2011

David Whiteman, Executive Director
Skinker-DeBaliviere Community Council
6008 Kingsbury Avenue
St. Louis, Mo 63108

RE: Community Development Block Grant (CDBG) (Project #2012-CDA3)

Dear Mr. Whiteman:

Enclosed is a report of the fiscal monitoring review of the Skinker-DeBaliviere Community Council, a not-for-profit organization, CDBG program for the period January 1, 2011 through June 30, 2011. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the Skinker-DeBaliviere Community Council. Fieldwork was completed on July 22, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant subrecipients.

If you have any questions, please contact the Internal Audit Section at 314-657-3490.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**SKINKER-DEBALIVIERE COMMUNITY COUNCIL
CONTRACT #11-31-40
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2011 THROUGH JUNE 30, 2011

PROJECT #2012-CDA3

DATE ISSUED: DECEMBER 6, 2011

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SKINKER-DEBALIVIERE COMMUNITY COUNCIL
FISCAL MONITORING REVIEW
JANUARY 1, 2011 THROUGH JUNE 31, 2011**

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
A-133 Status	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGERMENTS'S RESPONSES	3

INTRODUCTION

Background

Contract Name: Skinker-DeBaliviere Community Council

Contract Number: 11-31-40

CFDA Number: 14.218

Contract Period: January 1, 2011 through June 30, 2011

Contract Amount: \$44,460

This contract provided Community Development Block Grant (CDBG) funds to Skinker-DeBaliviere (Agency) for assistance in further development of housing in the St. Louis area by providing the funds necessary to acquire land and plan for projects associated with this contract.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal, state, and local Community Development Administration (CDA) requirements for the period January 1, 2011 through June 30, 2011 and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by CDA. Evidence was tested supporting reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on June 22, 2011.

Exit Conference

An exit conference was conducted at the Agency on October 13, 2011. The Agency was represented at the exit conference by David Whiteman, Executive Director. The Internal Audit Section (IAS) was represented by Chance Key, MBA, CFE, Auditor-In-Charge.

Management's Responses

The management's response to the observation and recommendation identified in the draft report were received from the Agency on October 18, 2011. The response has been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state, and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2010-CDA15, issued August 13, 2010, contained three observations:

1. Opportunity to have CDBG checks signed by two duly authorized officers. **(Resolved)**
2. Opportunity to timely file monthly financial reports. **(Resolved)**
3. Opportunity for Agency to timely file IRS Form 990 (Tax Return for Non-Profit Organizations). **(Resolved)**

A-133 Status

According to a letter received from the Agency dated July 13, 2011, the Agency did not expend \$500,000 or more in federal funds in its fiscal year ended December 31, 2010; therefore, it was not required to have an A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to develop written accounting procedures

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Develop Written Accounting procedures

The Agency did not have standard written accounting policies and procedures in place. Written accounting procedures ensure duties are consistently performed in accordance with management's goals and provide cross training for current and new employees.

The Handbook for CDBG Subrecipients on Administrative Systems "Playing by the rules" Section 2.2 Internal Controls states, "... a basic element that a subrecipient should consider in developing its system of internal control should be maintenance of a policy manual specifying approval authority for financial transactions and guidelines for controlling expenditures."

Agency management stated it is in the process of implementing written accounting procedures.

Without written accounting policies and procedures, there is increased risk of ineffective internal controls and that employees may not be properly trained to perform job duties.

Recommendation

It is recommended that the Agency develop written accounting policies and procedures. The accounting policies and procedures should be approved by management and effectively communicated to the appropriate staff.

Management's Response

The Skinker DeBaliviere Community Council has drafted Accounting and Cash Handling Procedures. These procedures will receive final review of the SDCC Finance Committee on October 25 and will be presented to the SDCC Board of Directors for approval on November 14, 2011.

Auditor's comment

IAS has reviewed the Agency's "Accounting and Cash Handling Procedures" revised on October 18, 2011. The procedures appear to be adequate.